

UNITED NATIONS
ECONOMIC
AND
SOCIAL COUNCIL



Distr.
LIMITED



E/ECA/PAMM/PS/82/11
24 November 1982

Original: ENGLISH

ECA/OAU Regional Conference on the
Role of the Public Sector in National
and Regional Development in the Context
of the Implementation of the Lagos Plan
of Action

Addis Ababa, Ethiopia, 22-27 November 1982

MANAGEMENT AND CONTROL OF PUBLIC ENTERPRISES IN EGYPT

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Introduction

The public business sector in Egypt nowadays, consists of the economic units, either in the form of a general organization or in the form of a company.

The general organization undertakes economic activity, and responsible for public utility or service. It has an identic personality. It acts its activities on economic and commercial bases. It is totally owned by government.

The public company is established to carry out an economic project according to the development plan. It should have the shape of the joint stock company. It is either owned totally by government or partially by private shareholders.

Management of General Organizations

Each organization has a board of directors, Chairman and members who are appointed by a presidential decree, according to the proposal of the competent Minister.

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This board is the high authority dominating the Organization. It suggests the general policy for achieving its purposes according to the law of its establishing. It issues regulations and decisions organizing the technical, financial, and managerial affairs, regardless the government rules. It approves the annual fiscal budget, review the periodical reports, the financial position, and any other subjects.

The competent Minister must be informed with the decisions of the board for his approval and ratification.

Management of Public Companies

The administration of public companies is undertaken through several bodies. These bodies are:

1. Board of Directors

It consists of a Chairman to be appointed by the Prime Minister, and members, one half of them to be appointed by the Prime Minister, and the other half to be elected from the workers of the company. Private shareholders are presented in the board in proportion to their equity.

2. General Assembly

It is formed as follows:

- The competent minister or his substitute, as Chairman;
- A representative of the Ministry of Finance and of the Ministry of Planning, assigned by them;
- Five of the members of the High Council of the sector chosen by itself;
- Four of the personnel of the company;
- Three members of specialists and experienced staff.

3. High Council of the Sector

Public companies are classified into groups, each group is called a sector. It is composed of analogous and complementary companies. Each sector has a high council. It is formed as follows:

- The competent minister, Chairman;
- The Chairman of the sector companies;
- A number not less than three of experts to be appointed by the Prime Minister;
- Representatives of the Ministry of Finance and the Ministry of Planning.

4. Technical Secretariat

Each high council has technical secretariat consists of a minimum number of experts and persons. It communicates the recommendations and resolutions of the high council to the authorities concerned. It supplies the ministers and the organs of the state with the information they demand on the sector companies.

Responsibilities

The responsibilities of those bodies are as follows:

Board of Directors

It has all the power requisite for exercising the activities envisaged by the object of the company, and in particular:

- (a) elaborating the plan of the company in consistence with the general plan;
- (b) laying down the executive processes;
- (c) elaborating the policies ensuring and promoting the productivity of workers;
- (d) developing and managing the financial resources;
- (e) affecting the replacements and renewals of fixed assets;
- (f) execution of the investment projects assigned to the company in the fixed time;
- (g) elaboration of a system of training workers;
- (h) laying down all internal regulations, systems and rules.

General Assembly

It is concerned with the following:

- (a) approval of the Balance Sheet, the profit and loss account, and distribution of profits;
- (b) examination of the report of the Board on the activities of the company;
- (c) approval of the general plan of the company;
- (d) modification of the statutes of the company;
- (e) increasing or amending the capital;
- (f) suggesting the liquidation of the company if necessary, and its amalgamation in another company or splitting it into two or more companies.

High Council

It is concerned with ensuring co-ordination and harmonization between the plans and policies of the companies. It also follows up the implementation of the objectives decided.

Control of Public Companies

From the previous brief description of the management of public companies, one can obvious that the Egyptian system tried to balance between control and independence of these companies. This statement can be clarified as follows:

1. The ministry of planning lays out the General Frame of the comprehensive plan of the state in the light of the directions issued by the Cabinet and the parliament. Each company drafts its plan expressing its targets, based on its capacity, capabilities, historical data and finally guided by the General Frame of the State Plan.

The High Council of the sector - through the technical secretariat - reviews the plans of his companies, just to co-ordinate between them and ensure that they achieve the policies and targets of the sector and the government. After that, the general assembly of the company discusses the plan and approves it. Finally the ministry of planning gathers the micro plans and lays out the macro plan.

The mecanism of planning as discussed above is settled by the law. The micro plans and budgets are exercised according to a settled system using unified forms, data and well defined terms.

2. The board of directors undertakes the plan in both current activities and capital transactions. Each public company has an auditor generally a member of the Central Authority for Accounting - (a governmental body). In few cases such as in banks they have private auditors appointed by the C.A.A.

At the end of the year the general assembly holds a meeting to discuss the following reports:

- (a) The report of the board of directors about his achievements during the year and analysing the financial position and final results;
 - (b) the report of the auditor about the balance sheet and the profit and loss account, in the light of the Unified Accounting System;
 - (c) the response of the board about the remarks of the auditor;
 - (d) the report of performance appraisal and the follow-up of the plan. This report is unified in its forms, data, and terms.
3. The general assembly review the results of the company through a number of criteria, that are:
- achieving the targets of the physical plan for production, exports, raw materials, etc.
 - developing the activities in comparison with the past years;
 - improving the norms of productivity and costs;
 - profitability and capital returns taking in consideration the government constraints and the unexpected circumstances.
4. The Information Center for the Public Enterprises attends the general assembly meeting for all the companies through his representatives as members of experience. So they, can expose the problems of the companies, share the discussions and propose solutions or suggestions.

At the end of the year the ICPE gathers the final results approved by the general assemblies, and lays out a report about the main indicators of the public companies during the last year annexed by full data summed up at the levels of each company, economic activity, economic sector and finally the hall sectors.

The ICPE also issues an annual report about the problems, obstacles and subjects discussed by the general assemblies accompanied with his opinions and proposals. This report is posted to the minister of finance the competent minister - to be under his right in taking action or policies.